



DRIVING A STRONG ECONOMY COMMITTEE
Report
March 22, 2004

Members Present: Chair Forrest Williams, Vice-Chair Terry Gregory, Councilmember Chuck Reed

Absent: Councilmember Judy Chirco

Staff Present: Mark Linder, Ed Moran, Kim Walesh, John Weis, Leslye Corsiglia, Stephen Haase, Joe Horwedel, Mike Hannon

The meeting was convened at 1:33 p.m.

1. Status of the Top Four Economic Development Strategy Initiatives (Office of Economic Development, Redevelopment Agency)

Kim Walesh, Assistant Director of Economic Development, and John Weis, Deputy Executive Director, Redevelopment Agency, presented this report. In December 2004, Council adopted the Economic Development Strategy that identified 15 initiatives that the City of San Jose should pursue with its economic development partners to achieve the vision and desired economic outcomes. Council directed staff to focus and give priority to the four initiatives within this report, staff provided the following update on what has been accomplished.

Initiative #3: Develop Strategic Partnerships with San Jose State and Other Universities to Drive Innovation and Economic Impact

Staff has launched a new collaboration with San Jose State University to explore opportunities within their School of Hospitality and the Bio-Science Departments gaining a better understanding on how to support the hiring plans, training needs and career path opportunities in both of these industries. Staff is also working on opportunities to create an enhanced collegiate/amateur sports facility on the University's South Campus. On March 19th, a retreat was held between City staff and the vice-presidents at the University and identified priority areas for collaboration, which will be brought back to the Mayor and City Council for consideration.

Initiative # 4 Evolve and Position Downtown San Jose as a Unique Creative and Cultural Center for Silicon Valley

The vision for downtown as the creative center of Silicon Valley is a place where arts, entertainment, technology entrepreneurship, dining, shopping and education/learning uniquely come together. This vision has been implemented in the following actions:

- Art and Technology. Plans for the creation of an International Center of Art and Technology, in partnership with the San Jose Museum of Art are underway. The City will also host the Art and Technology Festival in August 2005.
- Free Downtown WiFi. On March 11th, the City launched free WiFi service to the public in the Downtown core, helping to energize outdoor public spaces and gain San Jose recognition as the tech-savvy Capital of Silicon Valley.
- Entrepreneurship/Venture Outreach. 100 tech companies in Downtown San Jose have been identified with a combined employment similar to Adobe. A meeting with venture capitalists has been scheduled to meet with Mayor Gonzales.
- Access San Jose. In progress is a business plan and policy recommendation to encourage use of venues throughout Downtown San Jose as a virtual convention center.

Initiative #5 Support Start-Up and Growth of Local Business, Small and Large, in Tech as well as Non-tech Fields

Implementation of the Business Appreciation program identifies the top 100 companies most important to the San Jose economy. Relationships at an executive-level will help solve and prevent problems that impede job retention/growth and encourage City-business collaboration.

Initiative #6 Diversity San Jose's Economy and Create/Preserve Middle Income Jobs

The creation of the Bioscience Incubator and Innovation Center in Edenvale is scheduled to open in June 2004. Plans are underway to attract bioscience firms to the incubator and development of an Operations Plan, including the hiring of a manager for the new facility. Preserving key middle-income jobs in business support industries such as health care, bioscience, software, hospitality and retail has been the focus of the Silicon Valley Workforce Investment Network, which has launched efforts to encourage training and career path development in these key growth industries.

Councilmember Reed commented on the need to remain focused on the issues identified, and not allow the initiatives to become too broad in definition. Accomplishments should be determined by measurable guidelines.

Vice-Chair Gregory asked if the meeting with venture capitalists was for investment in the downtown area only. Staff replied that it was for the entire city of San Jose. Vice-Chair Gregory asked for a list of the top 100 companies and what criteria was required to identify it as a top 100. Staff replied they would forward the list and criteria. Vice-Chair Gregory would like a clear understanding on how the \$100k funding request for Initiative #5 will benefit the City. Staff responded that in three weeks a board report would be distributed by the Agency, outlining the criteria required and performance measure standards.

Chair Williams asked how could we recognize the economy was recovering. Staff responded that one indicator would be job growth/retention for 3 to 4 consecutive quarters. Another indicator would be decreasing vacancy rates in commercial buildings.

Councilmember Reed reinforced the importance of when implementing any plan, everyone in the organization needs to be aware of the plan and how he or she are a part of it.

Upon motion of Councilmember Reed, seconded by Vice-Chair Gregory, the Committee accepted staff's report on, "Status of the Top Four Economic Development Strategies Initiatives".

2. Update on the Proposed Amendment to the North San Jose Area Development Policy (Office of Economic Development, Planning, Building & Code Enforcement, Redevelopment Agency)

Kim Walesh, Assistant Director of Economic Development, Stephen Haase, Director of Planning, Building & Code Enforcement, and John Weis, Deputy Executive Director, Redevelopment Agency, presented this staff report. Within the Economic Development Strategy, one strategic initiative included was, "Revise Key Land Use and Transportation Policies to Reflect the New Realities of the San Jose Economy". Real estate developers and several high-level driving industry CEOs indicated they would like to use the land within North San Jose more strategically, building vertically dense campuses along transit corridors with adjacent supporting commercial uses. Amending the North San Jose Area Development Policy is a critical project that will help secure San Jose's economic vitality, by creating a denser corporate center while promoting livability. Consultants have been approved to commence on traffic and environmental impact studies, and staff hopes to complete the work required for adoption of the new Area Development Policy and accompanying General Plan Amendments by December 2004. Initial public outreach will focus on the primary property owners and tenants of properties located within the core of the study area.

Chair Williams stated the development policy could possibly include other areas of the City in response to company needs to develop.

Councilmember Reed supported the need for policy to support and businesses to grow the way they need to. Council policy should not impede the need for businesses to thrive.

Upon motion of Councilmember Reed, seconded by Vice-Chair Gregory, the Committee accepted staff's report on, "Update on the Proposed Amendment to the North San Jose Area Development Policy".

3. **Proposed Parameters for a Second Unit Ordinance (Housing, Planning, Building & Code Enforcement)**

Leslye Corsiglia, Director of Housing, Stephen Haase, Director of Planning, Building & Code Enforcement, presented this staff report. Staff is recommending that the committee direct the City Council to adopt an ordinance to allow for the construction of new secondary units, incorporating the proposed parameters. Development of secondary units would increase the affordable housing stock in the City and could be beneficial in eliminating overcrowded conditions in single-family structures. The focus of the parameters is on:

- Minimize external impacts of new second units, especially parking and privacy
- Maximize second units compatibility with existing neighborhoods
- Maximize the number of second units allowed, while maintaining required General Plan densities

A summary of proposed Second Unit permit requirements are:

Criteria	Second Unit Requirement
Minimum Lot Size	6,000 square feet
Maximum Unit Size	650 square feet
Maximum # of bedrooms	One
Required parking	One open parking space, outside of front and side setbacks
Siting criteria	<i>Attached units</i> Within existing buildable envelope <i>Detached units</i> Within existing buildable envelope, minimum six feet from existing building
Exterior Materials	To match existing house
Roof pitch	To match existing house
Door Location	Not visible from street
Ownership	One of the two units on the property to be owner-occupied

Councilmember Reed asked how realistic are the new parameters in creating new units. Staff responded that a survey will be done following adoption of the ordinance, reviewing the number of applications and examine how the ordinance is or is not working. Based on that information, staff can make suggestions on how to make the parameters less restrictive. Councilmember Reed asked if an existing accessory unit, limited to 650 square feet, was a zoning issue. Staff responded that as long as they comply with the zoning provisions for accessory units, it was not a zoning issue. Councilmember Reed asked if after adoption of an amended Secondary Unit Ordinance, could the Planning Director exercise discretionary action and allow accessory structures to be converted into a secondary unit.

Ed Moran, City Attorney, responded that if the unit meets the statutes of a secondary unit, the Director of Planning would make that determination, and it would not be discretionary action.

Vice-Chair Gregory asked if secondary units had to adhere to the same building set back lines as the main house. Staff responded that they did. Vice-Chair Gregory asked what is the definition of amenities in a secondary unit. Staff responded that is an independent living unit, which includes a living/sleeping area, at least a partial kitchen and a bathroom. Vice-Chair Gregory requested information on what percentage of existing homes in San Jose would qualify to add a new secondary unit. Staff responded that no analysis has been done, but an estimate could be based on the number of single family homes, over 6000 square feet criteria. Vice-Chair Gregory asked how many occupants could reside in a secondary unit. Staff responded as many as four people could occupy it, subject to the health and safety code, based on the size of the actual unit. Vice-Chair Gregory expressed concern over State Law AB 1866 (Wright), that units are considered ministerially without a public hearing. Staff responded that if council does not an ordinance allowing secondary units, it must make certain findings to preclude their development. Though the City has previously precluded secondary units in residential districts, (Ordinance No. 21663), and is not required by law to update them, staff is recommending the City update or adopt a new ordinance.

Chair Williams recommended implementing the proposed ordinance, and to analyze it after implementation and provide further amendments as needed. Chair Williams asked how soon could the ordinance be implemented. Staff is asking that the City Attorney's office draft an ordinance that could be presented at public outreach meetings. Public outreach will be made to neighborhood action groups, Housing Advisory Commission and other groups. Staff anticipates by the end June the ordinance would be ready.

Vice-Chair Gregory recommended having the data available for public outreach, to give neighborhoods an idea of what kind of potential impact this may be for them.

Councilmember Reed encouraged staff to include United Neighborhoods in the outreach process.

Vice-Chair Gregory asked if any kind of criteria would be developed to grandfather secondary units that already exist. Staff responded that anything that is illegal could not be grandfathered, and staff is constrained by whatever City ordinances have been adopted. Variance procedures may be another alternative to older, code approved units that may be just a foot over an envelope set back line.

Councilmember Reed asked if permits are denied when in violation of property Covenants, Conditions and Restrictions (CCRs). Staff responded that CCRs are voluntary agreements among property owners. The City does not review or enforce CCRs and regards them as a private agreement, enforceable only between property owners.

The Committee will cross-reference this item to ask Council to give direction to the City Attorney to draft an ordinance to allow secondary units in the City.

Upon motion of Vice-Chair Gregory, seconded by Councilmember Reed, the Committee accepted staff's report on, "Proposed Parameters for a Second Unit Ordinance".

4. Oral Petitions

Joanne Stone, Constituent from Almaden Valley, spoke on Secondary Housing Units
Scott Soper, Constituent from College Park neighborhood, spoke on Secondary Housing Units

Phyllis Ward, Affordable Housing Network, spoke on Secondary Housing Units
Stan Davis, Constituent from Willow Glen, spoke on Secondary Housing
George Stone, Constituent from Almaden Valley, spoke on Secondary Housing Units

5. Adjournment

The meeting was adjourned at 3:22 p.m.

Forrest Williams, Chair
Driving a Strong Economy Committee

